



DEPARTMENT OF THE ARMY
INSTALLATION MANAGEMENT AGENCY
EUROPE REGION
UNIT 29353, BOX 200
APO AE 09014



SFIM-EU-Z

FEB 4 2003

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Management Control and Assistance Visits in the Installation Management Agency, Europe Region (IMA-E)

1. In accordance with Federal Law and applicable regulations, Management Control and Assistance Branch (MCAB) will perform annual Region-level oversight and consolidation functions related to the Management Control Process (MCP) in Morale, Welfare and Recreation (MWR) activities and non-MWR supplemental Nonappropriated Fund Instrumentalities (NAFIs) (encl). The Area Support Groups (ASG) and Base Support Battalions (BSB) will continue to test management controls and write Annual Assurance Statements based on those tests. All ASG and BSB personnel involved in the MCP will continue to report through their chain of command. In addition, they will support and assist the MCAB as it evaluates management controls, reports deficiencies and successes, and provides the commander with recommended corrective action.
2. The MCP is not an additional duty or interruption of operations. It includes routine on-site tests of procedures and reviews of regular business documents. When properly implemented, the MCP provides reasonable assurance to the entire management team that daily practices and procedures are in place and operating effectively. The MCAB tests management controls from the IMA-E down to the facility level. The success of the MCP depends upon cooperation between the MCAB and all MWR personnel.
3. I solicit your support as we strengthen our collective stewardship of soldier dollars. The IMA-E POC is Beverly Bennett, DSN 370-7956, email: bennettb@ima-e.army.mil.

RUSSELL B. HALL
Director, Installation Management
Agency, Europe Region

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SUBJECT: Management Control and Assistance Visits in the Installation Management Agency,
Europe Region (IMA-E)

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Management Control Process

Installation Management Agency-Europe Financial Management Group/Management Control and Assistance Branch (FMG/MCAB)

Background.

1. The Management Control Process is the Army's process to comply with Public Law 97-255--the Federal Managers' Financial Integrity Act (FMFIA). The FMFIA requires all federal agencies to establish a system for ensuring management controls, to comply with the Comptroller General Standards listed in Paragraph 3 below, and to report annually to higher headquarters the reasonable assurance and the general adequacy of management controls. The US Army created AR 11-2, and USAREUR created USAREUR Circular 11-2 (Management Control Process Annual Assurance Statement), to comply with the FMFIA.

2. All leaders and managers perform management control, ranging from simple (locking a door) to complex (formal audits of financial records). The MCP simply documents the execution and effectiveness of management controls that should already exist. When properly implemented, MCP provides reasonable assurance to the entire management team that its daily practices and procedures make sense and properly safeguard entrusted resources.

3. Every Army manager has the basic FMFIA-mandated responsibility to ensure that management controls in each organization conform to the following Comptroller General Standards:

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|------------------------|--|------------------------|
| a. General Standards: | Reasonable Assurance | Supportive Attitude |
| | Competent Personnel | Control Objectives |
| | Control Techniques | |
| b. Specific Standards: | Access to and Accountability for Resources | |
| | Supervision | Executing Transactions |
| | Documentation | Separation of Duties |
| | Audit Resolution and Accounting Systems | |
| | Recording Transactions | |

Purpose. The FMG/MCAB is the Regional Director's tool to evaluate management-performed reviews of key management controls throughout MWR and non-MWR supplemental Non-appropriated Fund Instrumentalities (NAFIs) in IMA-E. We will perform scheduled, systematic testing of controls, and draft after-action reports giving our opinion on the adequacy of those controls and recommending corrective action when

necessary. Our goal is to provide the Regional Director with reasonable assurance that key management controls are functioning properly.

Annual Reviews. The minimum requirement under the Management Control Process is to test key management controls once every five years. However, due to sensitivity and risk of loss in MWR business operations, simply testing a management control once every five years would not provide sufficient oversight. On the other hand, it is not feasible to test each management control at each location every year. To meet the standard of reasonable assurance for management controls, we will perform annual tests on a sample of management controls at NAFIs throughout IMA-E. All testing will include a review of the management control plan, documentation of training, and the results of prior- and current-year reviews. We will test the following areas:

1. Cash Controls.
2. Merchandise Inventory Controls.
3. Property Controls.
4. Follow-up on Material Weaknesses from prior years.
5. Sales Accountability.
6. Accounts Receivable.
7. CPMC.
8. Contracting.
9. Labor Costs.
10. Marketing.
11. RIMP.
12. Special Events--Fests, Bazaars, tournaments, rodeos, MWR Expo.
13. Local Purchase Procedures.

Logistics. To verify that the Command places appropriate emphasis on the Management Control Process and incorporates the process into normal operations, we will test key management controls at randomly-selected locations by visiting each ASG for two weeks.

Methodology. At least one month before each visit, we will contact the ASG Commander to schedule a meeting. During that meeting, we will explain MCP's legislative and regulatory history if necessary; the commanders' responsibilities under the program; and the role of MCAB. We will meet with ASG principals (DCA, BOD, BSB commanders, FMD, and key hospitality industry personnel), and we will provide a schedule of sites we plan to visit and reviews we plan to perform.

Schedule. We can adjust our monthly schedule for visits to meet specific concerns in each ASG. Any results determined after July should be wrapped into the following year's Annual Assurance Statement.